

Internal Revenue Service

Department of the Treasury

District
Director

915 Second Ave., Seattle, Wash. 98174

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

JUN 21 1985

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(12) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Revenue Ruling 72-36, cites certain requirements for exemption from Federal income tax under section 501(c)(12) of the Internal Revenue Code.

Question 5 of the Revenue Ruling discusses the required dissolution clause. You are required to have the following provision in your organizing document:

"In the event of dissolution of the company, each member, including former members, shall receive his proportionate share of the company's property and assets based upon patronage insofar as is practicable, after paying or providing for the payment of all debts of the company."

Treasury Regulations 1., 501(c)(3)-1(c)(2) states:

"an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals."

Your organizing document does not contain the above provision. Accordingly, we have concluded that you do not qualify as a "like organization" under section 501(c)(12) of the Code, therefore, you are not entitled to exemption from Federal income tax. You are required to file Federal income tax returns on Form 1120.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of this form.

[REDACTED]

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Publication 892
Form 6018

[REDACTED]